Annual Report

2012-13

Department of Municipal Affairs

Newfoundland
Labrador

Municipal Affairs

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Message from the Minister

It is with great pleasure that I present the Department of Municipal Affairs 2012-13 Annual Performance Report. This report is prepared in accordance with the *Transparency and Accountability Act* requirements for a category one government entity. The department's Strategic Plan 2011-14 focuses on appropriate infrastructure, strong local governments and local government sustainability.

This report details the achievements and progress made by the department in fulfilling its commitments as outlined in year two of Strategic Plan 2011-14. My signature below is indicative of my accountability for the reported results.

I would like to acknowledge and thank all departmental staff for their efforts and commitment in helping fulfill the department's many accomplishments this past fiscal year. As minister, I look forward to building upon these efforts in fiscal year 2013-14 as we work together to meet the remaining objectives set out in our Strategic Plan 2011-14.

Sincerely yours,

Kevin O'Brien
Minister

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Departmental Overview

The quality of municipal services makes a significant difference to our lives. We all want to be able to live in a safe, attractive and environmentally sustainable neighborhood; to enjoy leisure facilities; and to be able to travel easily to work or school or to see friends and family. Local governments (cities, towns, local and Inuit community governments, local service districts and regional service boards) are responsible for delivering municipal services. The Department of Municipal Affairs supports local governments in delivering services efficiently and effectively through assistance with infrastructure financing and selection, and by providing financial and administrative tools that strengthen local governments' ability to govern.

The department also supports a number of key government level initiatives, including the Waste Management Strategy, the Northern Strategic Plan and the Drinking Water Safety Initiative.

Mandate

The mandate of the department is derived from the Department of Municipal and Provincial Affairs Notice, 2003 under the *Executive Council Act*. It is informed by the legislation set out in the Schedule (Appendix A), which outlines the powers, duties and functions of the minister, who is also appointed Registrar General. The department is directly responsible for all matters relating to municipal and provincial affairs.

The department is a category one entity under the Province's *Transparency and Accountability Act* and, as such, is required to prepare three year strategic plans and annual performance reports.

Vision

The vision of the Department of Municipal Affairs is of communities with viable, sustainable municipal services led by strong local governments.

Mission

The mission statement identifies the priority focus area of the Minister over two strategic planning cycles. It represents the key longer-term result that the Minister and the department will be working towards as they move forward on the strategic directions of the Provincial Government. The mission of the Department of Municipal Affairs is:

"By March 31, 2017, the Department of Municipal Affairs will have strengthened infrastructure investments and supports to local governments."

Further information regarding the department's mission, including its associated measure and indicators is available on page 8 and 9 of the department's 2011-14 Strategic Plan. A full version of the plan is available online at: www.ma.gov.nl.ca/ma/publications/strategic_plans/MA_Strategic_Plan2011-14.pdf

Lines of Business

The Department of Municipal Affairs has five main lines of business: (1) Local Governance, (2) Municipal Infrastructure and Engineering Services, (3) Employment Support, (4) Provincial Affairs, and (5) Financial Services. These lines of business are outlined below:

1. Local Governance

The department strengthens local governance by:

- formulating land use policy and regional approaches to service delivery
- providing municipal training to elected and administrative officials
- providing assistance in the development of municipal by-laws
- providing legislative interpretation to municipalities, local service districts and regional service boards
- advising local government officials
- conducting reviews of municipal administrative matters
- administering grants and subsidies for community infrastructure and municipal operations
- examining local governments' financial operations
- monitoring financial position and projected financial capacity
- providing operational support
- participating in inter-provincial policy development and knowledge sharing
- supporting regional cooperation initiatives

2. Municipal Infrastructure and Engineering Services

The department guides infrastructure investments by:

- assessing needs and prioritizing municipal infrastructure investments
- providing financial support for the development of municipal infrastructure
- monitoring and providing guidance and advice on municipal infrastructure projects
- negotiating and managing federal-provincial agreements for municipal infrastructure funding

3. Employment Support

The department works with local, community based sponsors to create short-term employment initiatives that provide enduring benefits to communities. Additionally, government has assigned the department the responsibility to provide similar employment support programs in areas affected by permanent closure of fish processing plants and to coordinate interdepartmental efforts to assist the workers affected.

4. Provincial Affairs

The department has statutory responsibilities in relation to the following provincial affairs:

- supporting annual ceremonies to honour our veterans
- approving the use of legislated provincial identification symbols
- prescribing and evoking *Newfoundland Daylight Time*

Further, subsection 4(3) of the *Executive Council Act* designates the Registrar General of the Province to be the keeper of the Great Seal of the Province. Section 5 of the *Department of Municipal and Provincial Affairs Notice, 2003,* made under the *Executive Council Act,* "appoints the Minister of Municipal Affairs as Registrar General, thereby making the minister the keeper of the Great Seal."

5. Financial Services

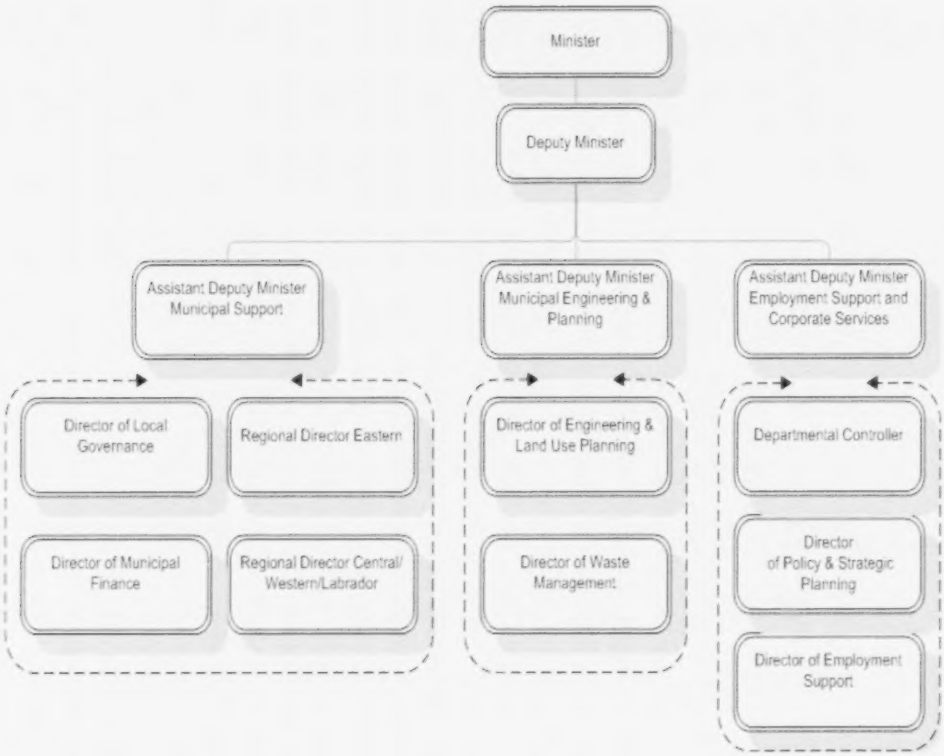
The Strategic Financial Management Division supports the financial management in the following government departments and agencies: Department of Municipal Affairs; Service Newfoundland and Labrador; Department of Environment and Conservation; Department of Innovation, Business and Rural Development; Department of Tourism, Culture and Recreation; the Government Purchasing Agency; and Fire and Emergency Services - Newfoundland and Labrador (FESNL).

Organizational Structure

The department delivers its lines of business through three branches: Municipal Support, Municipal Engineering and Planning, and Employment Support and Corporate Services.

The Minister of Municipal Affairs is also accountable for FESNL and the Municipal Assessment Agency (MAA). Both FESNL and MAA are considered category two entities as defined by the *Transparency and Accountability Act* and, as such, each provide independent business plans and annual reports to the House of Assembly

upon approval of the minister. These reports and plans are available online at www.ma.gov.nl.ca/ma/publications/.


Minister
Deputy Minister
Assistant Deputy Minister Municipal Support
Assistant Deputy Minister Municipal Engineering & Planning
Assistant Deputy Minister Employment Support and Corporate Services
Director of Local Governance
Regional Director Eastern
Director of Municipal Finance
Regional Director Central/ Western/Labrador
Director of Engineering & Land Use Planning
Director of Waste Management
Departmental Controller
Director of Policy & Strategic Planning
Director of Employment Support

Budget and Expenditures

The department's approved budget, excluding FESNL, for 2012-13 was $252.9 million. Approximately $244.9 million or 96.8% was budgeted for financial assistance to municipalities through such programs as financial support for municipal infrastructure development, municipal operating grants, debt relief and special assistance. The remaining $8.0 million, or 3.2%, was directed to expenditures in salaries and operating costs to deliver programs and services. The department's 2012-13 budget included federal revenues of $48.6 million and provincial revenues of $1.3 million, to offset total funding such that the net provincial funding is $203.0 million. Net expenditures for fiscal 2012-13, after revenue, totaled $130.6 million. For further budget details see Appendix B – Financial Statements.

Staff Complement

In 2012-13, the department staff complement was 121 (62 males and 59 females), including 16 positions providing financial management support to four other government departments and two agencies. The educational backgrounds and skills of departmental staff are diverse and reflect the department's role in providing expertise to local governments in the areas of financial management, municipal administration, engineering, land use planning, employment support, legislative interpretation, and training for elected and non-elected municipal officials.

The department's headquarters is located in St. John's. Primary public services offered through this office are: municipal programs and policy development; project management for municipal infrastructure projects; waste management; industrial water supply; land use planning; municipal financing support; legislative development and interpretation; municipal training; and short-term employment creation.

Four regional offices are located in: St. John's (Eastern Region), Gander (Central Region), Corner Brook (Western Region) and Happy Valley–Goose Bay (Labrador Region). Primary services offered by the regional offices are: municipal infrastructure project assessments and project management; municipal training; and legislative and administrative support.

The department also has a staff member in Clarenville, whose primary function is to provide municipal infrastructure project assessments and project management with respect to water systems projects.

Staff complement by location is as follows:

Location	Staff Complement
St. John's – Headquarters	76
St. John's – Eastern Regional Office	17
Clarenville	1
Gander	10
Corner Brook – Western Regional Office	12
Happy Valley-Goose Bay	5
Total	**121**

Shared Commitments

The Department of Municipal Affairs collaborates with a number of provincial and federal government departments, in addition to local governments. Collaboration is necessary to achieve common interests in areas such as: land use planning; infrastructure development; the environment; regional services; water quality; waste water treatment; waste management; employment support; and local governance. The department has successfully established positive, ongoing relationships with stakeholders to improve policies, services and programs which support the strategic directions of government. These stakeholders include, but are not limited to:

- Municipalities Newfoundland and Labrador (MNL)
- Professional Municipal Administrators (PMA)
- Combined Councils of Labrador
- Regional Joint Councils
- Regional Service Boards
- Royal Canadian Legion
- Provincial Government departments including Environment and Conservation, Transportation and Works, Service NL , Health and Community Services, Fisheries and Aquaculture, Tourism, Culture and Recreation, Finance, Intergovernmental and Aboriginal Affairs Secretariat, Labrador Affairs Office, and the Office of Public Engagement
- Newfoundland and Labrador Municipal Safety Council
- Multi-Materials Stewardship Board (MMSB)
- Infrastructure Canada
- Atlantic Canada Opportunities Agency (ACOA)
- Atlantic Canada Water Works Association
- Lending institutions
- Educational institutions
- Professional Engineers and Geoscientists of Newfoundland and Labrador
- Newfoundland and Labrador Construction Association
- Planning Consultative Committee (Trans Labrador Highway Phase 3 Zoning Plan)
- Consulting Engineers of Newfoundland and Labrador

Together with these organizations, the department has made significant progress towards its strategic directions of "appropriate infrastructure investment" and "local government sustainability."

Highlights and Accomplishments

Community Cooperation Support

The department encourages and supports regional cooperation, particularly where it results in improved regional services. Regional cooperation may include a range of activities such as the pooling of resources, cost sharing agreements, amalgamation or regionalization. In 2012-13, the department facilitated discussions with six different groups (representing 15 communities) expressing interest in cooperating with other communities. As a result, a number of feasibility studies were undertaken to examine options for a new local government structure.

The department's 2011-14 Strategic Plan identified "community cooperation" as a component of the strategic direction, "local government sustainability."

Modern Legislation

Local governments carry out their duties within the boundaries of provincial laws. The needs of citizens and communities change in response to any number of varying factors, such as shifts in population, economy, environment and technology. As a result, provincial legislation sometimes needs to be modernized to strengthen the ability of local governments to be effective and efficient. Periodically, the department reviews legislation to ensure it represents current "best practices."

In 2012-13 the department conducted a review of the *Regional Service Board Act* and the *Assessment Act, 2006*. Amendments to the *Regional Service Board Act* enabled local governments to better implement waste management practices while amendments to the *Assessment Act, 2006* provided clearer direction to local governments in identifying "special purpose" properties for assessment purposes.

The department's 2011-14 Strategic Plan identified modern legislation as a component of the strategic direction, "local government sustainability."

Gas Tax Agreement

Through the Canada/Newfoundland and Labrador Gas Tax Agreement, the Federal Government provides funding to support environmentally sustainable municipal infrastructure. The Department of Municipal Affairs administers this funding. The current agreement will provide $124.6 million to municipalities over the period 2010 - 2014. Eligible project categories include: drinking water, waste water management, solid waste management, public transit, community energy systems, municipal capacity building, and transportation infrastructure (roads and bridges).

In fiscal year 2012-13, the department paid out approximately $23.8 million to municipalities in predetermined municipal allocations. In accordance with section 86 of the *Municipalities Act, 1999*, all municipalities are required to be fully compliant with Public Sector Accounting Board standards. To date, for the 2011 municipal fiscal year (due June 2012), 249 statements have been received and all are compliant with the standards. Development of Integrated Community Sustainability Plans (ICSPs) is also a requirement of the Canada/Newfoundland and Labrador Gas Tax Agreement. By March 31, 2013, there were 208 ICSPs submitted representing 271 municipalities and Inuit community governments.

The Department of Municipal Affairs' administrative support of the Gas Tax Agreement contributed to the strategic direction of "appropriate infrastructure investment."

Municipal/Community Infrastructure

Municipalities throughout Newfoundland and Labrador are facing a variety of infrastructure challenges, including building or upgrading infrastructure. The department invested significantly in municipal infrastructure, including roads and bridges, drinking water treatment and distribution, sewage collection and treatment systems, and recreation facilities. Government's 2012-13 budget provided for $140.1 million in provincial investment for municipal infrastructure. This enabled leveraging of an additional $8.1 million in federal funding provided under the various federal-provincial cost-shared agreements, for a total municipal infrastructure program budget of $148.2 million. In 2012-13, $31 million was invested in drinking water related projects including new and upgrading of water treatment infrastructure, distribution systems and feasibility studies.

In addition, the department supported the Provincial Government's Rural Drinking Water Safety Initiative by providing access to high quality drinking water through the construction of water kiosks. These water kiosks are small-scale water treatment systems which pump and treat water from the municipal supply, store the treated water and allow residents to manually collect the water from a small shelter. In 2012-13, seven systems were made operational and construction progressed on five other systems.

Water Supply Maintenance Assurance

In support of government's focus on providing safe drinking water for communities, the department contracted consultants to develop water and wastewater system Maintenance Assurance Manuals (MAM) for use by local governments.

Several municipalities piloted the MAM water system policies and procedures from January to December 2011. Findings from the pilot indicated that the MAM improved maintenance records and practices and improved municipal councils' knowledge of their water system operations. In 2012-13, the department focused on increasing the number of communities using the MAM, and on expanding the MAM to include wastewater systems. In 2013-14 the department will focus on creating a MAM specifically for communities with less than 500 residents.

The department will continue to work in close coordination with the Department of Environment and Conservation in further developing and implementing the use of water and wastewater MAMs.

This initiative broadly supports the strategic direction of "appropriate infrastructure investment."

Employment Support

The department works with local, community-based sponsors to create short-term employment initiatives that provide enduring benefits to communities. In 2012-13 the department delivered an employment support program that served approximately 1,460 workers in rural communities who were facing significant employment challenges. These individuals worked on approximately 240 different projects, with a total cost of approximately $5.2 million.

In addition, the department, through its Fish Plant Worker Employment Support Program, assisted in providing short-term employment to approximately 400 workers from seven fish plants that were deemed permanently closed. This program is administered by the department on behalf of the Department of Fisheries and Aquaculture.

Outcome of Objectives

The following section describes the outcomes of the department's objectives, fulfilling requirements outlined in the *Transparency and Accountability Act* to report to the people of Newfoundland and Labrador on the department's progress for fiscal year 2012-13, the second reporting year of its 2011-14 Strategic Plan.

Issue 1: Appropriate Municipal Infrastructure

Municipal infrastructure refers to the basic structures needed to provide services to a community's residents and businesses such as sewer, water and waste disposal systems. Local governments build, own and maintain most of the infrastructure that supports their community. This means that local governments not only contribute to the initial capital cost, but also provide ongoing funding to operate and maintain the infrastructure over its lifespan.

The more information that local governments have about the short term and long term costs of infrastructure projects, the better able they are to "optimize their infrastructure investments." A simple example can be found in the purchasing of a photocopier: choosing the least expensive photocopier over a higher priced option may appear to be the smarter choice, but this may not be so if the cost of replacement ink cartridges and maintenance contracts are not taken into consideration at the time of purchase.

In its 2011-14 Strategic Plan, the department seeks to support local governments in selecting the best infrastructure to meet their needs, both in the short and long term, at affordable prices through introducing a more competitive means of purchasing for complex infrastructure, the design-build model. This model will increase the design options for local governments to consider for a particular project and will provide up front each option's "lifecycle costing" information (i.e. construction, operating and maintenance costs). The design-build model is the preferred alternative to tendering for complex projects where the local government is seeking proposals on the design as well as the construction.

A framework of policies, processes, engineering guidelines and training was needed prior to adopting this model within the province. In 2011-12, the Municipal Engineering and Planning Branch developed the Optimal Value Framework which was piloted in 2012-13. The framework was modified based on the pilot's findings, and beginning 2013-14, it is anticipated the framework will be applied to infrastructure projects, where appropriate, within the categories of water treatment, wastewater treatment, water storage tanks, recreation facilities and recycling facilities.

Goal 1: **By March 31, 2014 the Department of Municipal Affairs will have enhanced measures to obtain optimum value in municipal infrastructure investments.**

2012-13 Objective: By March 31, 2013 the Department of Municipal Affairs will have piloted the draft optimum value municipal infrastructure framework for select municipal infrastructure projects.

Performance Measure: Piloted the draft optimum value municipal infrastructure framework for select municipal projects.

<table>
<tr><th>INDICATORS</th><th>PROGRESS AND ACCOMPLISHMENTS</th></tr>
<tr><td>Selected sample project applications from each of the six infrastructure categories to be included in the pilot.

(The six categories are: water treatment, wastewater treatment, water storage tanks, sewage lift stations, recreational facilities, and material recovery (recycling) facilities.)</td><td>In 2012-13, the department applied the draft optimum value municipal infrastructure framework to 28 infrastructure projects that had received funding approval. Using the framework it was determined that six of these projects were suitable for a Request For Proposal (RFP) Design-Build model of procurement.

<table>
<tr><th>Infrastructure Category</th><th># considered</th><th>#to be RFP'd</th><th># to be tendered</th></tr>
<tr><td>Water Treatment:</td><td>1</td><td>1</td><td>0</td></tr>
<tr><td>Wastewater Treatment:</td><td>1</td><td>1</td><td>0</td></tr>
<tr><td>Water Storage Tanks:</td><td>1</td><td>1</td><td>0</td></tr>
<tr><td>Recreation Facilities:</td><td>8</td><td>2</td><td>6</td></tr>
<tr><td>Recycling Facilities:</td><td>1</td><td>1</td><td>0</td></tr>
<tr><td>Sewage Lift Station:</td><td>16</td><td>0</td><td>16</td></tr>
<tr><td>Total</td><td>28</td><td>6</td><td>22</td></tr>
</table></td></tr>
<tr><td>Evaluated the selected project applications using the draft framework.</td><td>Twenty-eight projects were evaluated using the draft optimum value municipal infrastructure framework. As the above table shows, applying the framework to "sewage lift station" projects did not result in any of the projects being directed to the RFP Design-Build procurement model. These projects were not complex designs (i.e. less defined engineering specifications) and the low cost of the project in relation to the high cost of preparing and assessing an RFP Design-Build submission did not warrant further consideration under the framework.</td></tr>
</table>

Reviewed the results of the pilot.	Results to date indicate that the RFP Design-Build process is better suited for most of the selected project categories, with the exception of sewage lift stations. Overall, the framework enables a more transparent, innovative and competitive process for municipal infrastructure investments. For example, soliciting proposals for infrastructure projects rather than contracting to the lowest bidder based on pre-set design specifications allows for more innovative design options or technologies to be considered. The RFP process also facilitates more productive dialogue between the successful consultants and the department as the project proceeds. The pilot has been reviewed as extensively as possible within the timeframe. Infrastructure projects may take several months, even years to be completed. Thus, the full value in terms of lifecycle efficiencies cannot be evaluated at this point in time. The department will continue to monitor the effectiveness of the model as the projects continue to be developed.
Revised the draft framework.	Minor edits were made to the framework based on experience of the process to date. For instance, the department has determined that sewage lift stations will no longer be considered as a category under the framework given that they are less complex designs.

2013-14 Objective: By March 31, 2014 the Department of Municipal Affairs will have applied the optimum value municipal infrastructure framework to all municipal infrastructure projects.

PERFORMANCE MEASURE	INDICATORS
Optimum value municipal infrastructure framework applied to all municipal infrastructure projects.	• Total number of funded projects in each of the five selected categories of infrastructure.
	• Total number of funded projects in each of the five selected categories of infrastructure to which the framework was applied.

Issue 2: Strong Local Governments

Local governments have the authority to deliver services through provincial legislation. The Department of Municipal Affairs supports local governments in their authority by setting a framework of provincial laws, policies and procedures that guide their operations. Over time through experience, education and technology, new and better ways of doing things are discovered that require aspects of the framework to be reviewed and updated so as to continue to strengthen local governments' ability to be effective and efficient.

In 2012-13, the department focused its efforts on developing and revising policies and procedures in select priority areas in an effort to facilitate efficient, transparent services to municipal clients. In 2013-14, where required, the department will conduct municipal training on new policies and procedures.

"Local government sustainability" is a strategic direction of the Provincial Government related directly to the mandate of the department. Policies and procedures are critical components for achieving the outcome of "strengthened local government."

Goal 2: **By March 31, 2014 the Department of Municipal Affairs will have enhanced policies and procedures to strengthen support to local governments.**

2012-13 Objective: By March 31, 2013 the Department of Municipal Affairs will have enhanced policies and procedures.

Performance Measure: Enhanced policies and procedures.

INDICATORS	PROGRESS AND ACCOMPLISHMENTS
Developed new policies and procedures.	New internal policies and procedures regarding the administration of the following program areas were developed and documented: • Gas Tax • Coat of Arms • Local Government Grants • The Great Seal of the Province • Community Relocation • Regional Cooperation • Municipal Long Service Awards These internal policies and procedures were developed in an effort to facilitate efficient and transparent service within the department for the benefit of its stakeholders and clients.
Revised existing policies and procedures.	Existing policies and procedures regarding the administration of the following program areas were revised and documented: • Special Assistance • Municipal Operating Grants • Debt Servicing • Applications to Borrow • Public Sector Accounting Board Standards Administration • Municipal Boundary Extensions • Infrastructure Application Process For some programs, enhancements to internal policies and procedures were required. For other programs, updating was required with respect to issues which would have direct impact on the department's external clients and stakeholders.

2013-14 Objective: By March 31, 2014 the Department of Municipal Affairs will have conducted municipal training on new policies and procedures.

PERFORMANCE MEASURE	INDICATORS
Municipal training conducted on new policies and procedures as required.	• Number of sessions conducted on community relocation, as requested.
	• Number of sessions conducted on regional cooperation.
	• Number of sessions conducted on administering Local Government Gas Tax Agreements.

Issue 3: Local Government Sustainability

Local governments are considered viable if they have the ability to generate enough income to meet operating payments and debt commitments. But sustainability is much more than that. Councils that are merely viable may well become unviable when financial pressures occur, such as aging infrastructure and decreasing populations. Financial sustainability is about being viable over the long term so as to be able to weather the storm during difficult financial times without having to make disruptive changes, such as dramatic tax increases to create more income, or cutting services to save money.

A common tool used by local governments in other provinces and countries is the community capacity assessment. A community capacity assessment collects information about a community's business opportunities, social relationships, and environmental resources for the purpose of informing a municipality of the challenges and opportunities for which they may need to plan. The assessment tool considers information regarding each community's current and potential issues, planning, legislative compliance, geography, governance structure, demographics, shared services, infrastructure needs and finances.

Whether the future looks good or lean based on the assessment, a municipality will have time to make gradual adjustments to income and spending practices so as to lessen disruption to citizens.

In 2011-12, the department developed a community capacity assessment tool and used the tool to assess 30 communities. In 2012-13 the department assessed an additional 50 communities. An additional 50 community capacity assessments are

planned in 2013-14. The department uses the findings from the individual community assessments to further assess regional cooperation opportunities. For example, many communities do not have the resources to provide firefighting services to their citizens. However, if they pool their resources (volunteers, equipment, training and financial), they may be able to provide the service at a regional level. In 2011-12 the department completed 10 regional assessments and an additional 15 assessments in 2012-13. The department aims to complete 15 regional cooperation opportunities assessments in 2013-14.

The community capacity and regional assessments are developed in consultation with local governments. Local governments have the option to further explore or develop the identified opportunities.

"Local government sustainability" is a strategic government direction related to the Department of Municipal Affairs. Community capacity assessments are a critical component for achieving the outcome of "strengthened local governments."

Goal 3: **By March 31, 2014 the Department of Municipal Affairs will have identified options for local government sustainability.**

2012-13 Objective: By March 31, 2013 the Department of Municipal Affairs will have identified local government sustainability opportunities by undertaking an additional 50 community capacity assessments, 15 regional cooperation opportunities assessments, and meeting with communities to discuss opportunities.

Performance Measure: Identified local government sustainability opportunities.

INDICATORS	PROGRESS AND ACCOMPLISHMENTS
Completed 50 community capacity assessments.	The department conducted 50 community capacity assessments in all regions of the province.

Region	# of Assessments
Eastern	20
Central	11
Western	17
Labrador	2
Total	**50**

<table>
<tr>
<td>Completed 15 regional cooperation opportunities assessments.</td>
<td>The Department conducted 15 regional cooperation opportunities assessments involving a total of 56 communities.

<table>
<tr><th>Region</th><th># of Assessments</th><th># of Communities</th></tr>
<tr><td>Eastern</td><td>7</td><td>20</td></tr>
<tr><td>Central</td><td>3</td><td>14</td></tr>
<tr><td>Western</td><td>5</td><td>22</td></tr>
<tr><td>Total</td><td>15</td><td>56</td></tr>
</table>

Regional cooperation opportunities assessments are conducted based on various factors such as community capacity assessments, community interest, geographical proximity and the number of communities in a particular region. As a result, no regional cooperation assessments were identified to be conducted in Labrador in fiscal year 2012-13.</td>
</tr>
<tr>
<td>Number of meetings with communities regarding community capacity assessments and regional cooperation opportunities.</td>
<td>Following analysis of all components of the community capacity assessment, staff advised communities of any issues needed to be addressed regarding legislative compliance, operational practices, and/or strengthening sustainability, including regional cooperation opportunities.

Meetings regarding regional cooperation opportunities were held with communities on an individual and collective basis, where deemed necessary.

Meetings were held with communities to discuss community capacity assessments and/or regional cooperation opportunities, as follows:</td>
</tr>
</table>

	Region / **# of Meetings** Eastern 16 Central 7 Western 1 **Total** **24** Staff consulted regularly with community representatives by phone, fax and email to collect data and address issues associated with the assessments.

2013-14 Objective: By March 31, 2014 the Department of Municipal Affairs will have identified local government sustainability opportunities by undertaking an additional 50 community capacity assessments, 15 regional cooperation opportunities assessments, and meeting with communities to discuss opportunities.

PERFORMANCE MEASURE	INDICATORS
Identified local government sustainability opportunities.	• Completed 50 community capacity assessments.
	• Completed 15 regional cooperation opportunities assessments.
	• Number of meetings with communities regarding community capacity assessments and regional cooperation opportunities assessments.

Opportunities and Challenges Ahead

The department continues to develop and invest in initiatives to improve community infrastructure, strengthen local governments and create sustainable communities throughout Newfoundland and Labrador. Of particular importance in the coming year is a review of the provincial-municipal fiscal framework. The department, in consultation with Municipalities Newfoundland and Labrador, will begin a review of the framework, building on the changes to municipal operating grants and capital works announced in Budget 2013. It is expected that this review will take approximately two years to complete. The objective of the review is to determine a fair and sustainable fiscal framework that is suitable for all local governments.

The delivery of municipal services to the people of Newfoundland and Labrador is a shared responsibility, and the Provincial Government works closely with the federal government, municipalities, local service districts and other local government and community groups in the development of strong and sustainable communities. Investments in Budget 2013 will continue this work by delivering an efficient suite of programs and services that meet the needs of communities regardless of their size or location. These include:

- A commitment to maintain municipal operating grants at existing funding levels for communities under 11,000 residents for the remainder of 2013;
- $22 million to support a new municipal operating grant formula for communities under 11,000 residents effective January 1, 2014. This formula will ensure that most municipalities will see an increase in funding and none will see a decrease; and,
- $25 million committed to support the development of a new Capital Works Program for the seven municipalities in the province with populations greater than 11,000 which no longer receive municipal operating grants. These are St. John's, Conception Bay South, Mount Pearl, Paradise, Corner Brook, Gander and Grand Falls-Windsor.

These new programs will significantly benefit and support community development opportunities across the province.

In addition, as the province continues to experience unprecedented economic growth and development, it is recognized that housing prices have grown substantially, and populations in some remote areas of the province have declined rapidly. The Provincial Government continues to support a voluntary relocation program in municipalities where at least 90 per cent of residents vote to relocate. In recognition of this, in March 2013, the Department of Municipal Affairs implemented an increase in the maximum payout per household in the provincial Relocation Policy to $270,000, up from $100,000. This increase will provide individuals considering relocation with more realistic funding to facilitate a move should their community vote to do so.

New and evolving environmental standards in areas such as waste management and water quality place significant demands on local government infrastructure. Climate change and more extreme weather events, such as hurricanes, rising sea levels and coastal erosion, are also creating infrastructure problems for many communities in the province. Adding to these challenges are shifting population levels as well as increasing infrastructure costs. The department recognizes that many communities are facing these challenges with limited financial and human resources. Coping with these challenges therefore requires innovative planning and sound capacity building solutions. The department is committed to assisting all communities to meet the needs of their residents in the most efficient and effective way possible.

The department will continue to build upon its efforts to support the rebuilding of aging municipal infrastructure and facilities. We will continue to deliver new regional projects and provide assistance to communities and organizations as they deliver programs and services to residents. We look forward to our continued partnership with local governments across the province in our shared commitment to building communities with viable, sustainable municipal services led by strong local governments.

Appendix A: Statutory Acts

The Minister of Municipal Affairs is responsible for the following:

- *Assessment Act, 2006*
- *Building Standards Act*
- *City of Mount Pearl Act*
- *Coat of Arms Act*
- *Crown Corporations Local Taxation Act*
- *Evacuated Communities Act*
- *Fire Protection Services Act*
- *Floral Emblem Act*
- *Housing Association Loans Act*
- *Mineral Emblem Act*
- *Municipal Authorities Amendment Act, 1991*
- *Municipalities Act, 1999*
- *Provincial Flag Act*
- *Remembrance Day Act*
- *St. John's Centennial Foundation Act*
- *Standard Time Act*
- *Taxation of Utilities and Cable Television Companies Act*
- *Avian Emblem Act*
- *City of Corner Brook Act*
- *City of St. John's Act*
- *Commemoration Day Act*
- *Emergency Services Act*
- *Family Homes Expropriation Act*
- *Firefighter's Protection Act*
- *Housing Act*
- *Labrador Act*
- *Municipal Affairs Act*
- *Municipal Elections Act*
- *Provincial Anthem Act*
- *Regional Service Boards Act, 2012*
- *City of St. John's Municipal Taxation Act*
- *St. John's Municipal Council Parks Act*
- *Urban and Rural Planning Act, 2000*

Appendix B: Financial Statements

Unaudited

Annual Report for Municipal Affairs 2012-13*

	Estimates	Expenditure
Executive and Support Services		
Minister's Office: 1.1.01	302,900	292,154
Executive Support: 1.2.01	875,000	876,502
Administrative Support: 1.2.02	263,300	162,166
Less Provincial Revenue	(5,000)	(1,597)
Strategic Financial Management: 1.2.03	1,199,800	983,567
Administrative Support - Capital: 1.2.04	20,000	20,378
Total Executive and Support Services	**2,656,000**	**2,333,169**
Services to Municipalities		
Regional Support: 2.1.01	1,702,300	1,693,063
Less Provincial Revenue	(169,000)	(160,000)
Municipal Finance: 2.1.02	397,300	412,822
Policy and Strategic Planning: 2.2.01	820,600	1,208,405
Engineering Services: 2.3.01	787,300	686,842
Less Provincial revenue	(438,000)	(2,935)
Industrial Water Services: 2.3.02	882,800	659,118
Less Provincial Revenue	(714,300)	(214,045)
Urban and Rural Planning: 2.3.03	726,700	636,227
Less Provincial Revenue	(5,200)	(6,712)
Total Services to Municipalities	**3,990,500**	**4,912,786**
Assistance and Infrastructure		
Municipal Debt Servicing: 3.1.01	7,807,600	7,798,422
Municipal Debt Servicing – Principal: 3.1.02	23,423,400	23,321,840
Municipal Operating Grants: 3.1.03	17,850,000	17,960,834

Special Assistance: 3.1.04	2,004,800	1,792,586
Less Provincial Revenue	-	(232,145)
Community Enhancement: 3.1.05	5,054,800	5,765,729
Less Provincial Revenue	-	(12,967)
Municipal Infrastructure – Capital: 3.2.01	100,488,400	58,770,647
Federal/Provincial Infrastructure Programs – Capital 3.2.02	52,176,900	23,569,397
Less Federal Revenue	(17,400,000)	(8,403,850)
Canada/NL Gas Tax Program – Capital: 3.2.03	36,089,000	24,216,824
Less Federal Revenue	(31,166,000)	(31,166,000)
Total Assistance and Infrastructure	**196,328,900**	**123,381,317**
Total Department	**202,975,400**	**130,627,272**

** Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year ended 31 March 2013. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however the Department of Municipal Affairs is not required to provide a separate audited financial statement.*

Appendix C: Ministerial Entities

The Minister of Municipal Affairs is accountable for eight public entities that plan and report in accordance with the *Transparency and Accountability Act*. These are:

- Fire and Emergency Services – Newfoundland and Labrador (FESNL)
- Municipal Assessment Agency (MAA)
- Central Regional Service Board
- Northern Peninsula Regional Service Board
- Eastern Newfoundland Regional Appeal Board
- Central Newfoundland Regional Appeal Board
- West Newfoundland Regional Appeal Board
- Northeast Avalon Regional (NEAR) Plan Leadership Committee

Both FESNL and MAA are considered category two entities as defined by the *Transparency and Accountability Act*. These entities report independently to the minister. As such, each entity prepares an independent annual business report and a three-year business plan.

The Central Regional Service Board and the Northern Peninsula Regional Service Board are considered category two entities as defined by the *Transparency and Accountability Act* and each prepares an annual business report and a three-year business plan.

Finally, the Eastern Newfoundland Regional Appeal Board, Central Newfoundland Regional Appeal Board, West Newfoundland Regional Appeal Board and the NEAR Plan Leadership Committee are considered category three entities as defined by the *Transparency and Accountability Act* and each prepares an annual activity report and a three-year activity plan.

The NEAR Leadership Plan Committee did not meet in 2012-13 and therefore did not prepare an Annual Activity Report for this fiscal year.

FESNL's tabled plans and reports are available online at:
www.gov.nl.ca/fes/publications/

Tabled plans and reports of the remaining entities are available online at: www.ma.gov.nl.ca/ma/publications/